
TOO GOOD TO BE TRUE....

A Column on Consumer Issues

by Attorney General Wayne Stenehjem's
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DISCOUNT MEDICAL PLANS

"Medical, Dental, and \$15.00 Co-pay Prescription Card

One low price covers individuals or entire family!

\$89.95 per month

All pre-existing conditions; no limitations on usage; you cannot be singled out for rate increases or cancellations; and no age restrictions"

With the rising cost of health care and prescription drugs, consumers are looking to discount plans for relief. So it's no wonder that fraudulent telemarketers and "businesses" have turned to promoting bogus medical discount plans as a new way to bilk unsuspecting consumers.

Legitimate discount cards can offer savings on prescription drugs and visits to doctors, dentists, and other health care providers. But the cards touted by telephone, over the Internet, and even on handbills frequently inflate savings, hide "administrative fees" and other costs in fine print, and exaggerate the number of providers that accept them. Some issuers mislead buyers into thinking the cards are a substitute for health insurance. As part of their pitch, these scam artists lead consumers to believe they are affiliated with the consumer's insurance company, financial institution, or state government.

Before buying into a medical discount plan, there are several facts about these plans you should consider:

- Discount plans can be sold by anyone at any cost with any benefits. They are not licensed insurance products, even when sold by insurance agents. There are only a few states that have laws regulating these companies.
- The protections and rights available to consumers under health insurance plans may not be available to members of a discount plan.
- Providers in the discount plan's "network" are often not bound by contract to participate in the plan and may stop offering the discount at any time (without notice to plan members), depending on the plan.
- Participants can only go to "network" providers. In North Dakota, there are very few network providers who actually participate in these programs.
- Many plans claim savings up to a certain percent. However, "up to 60%" does not mean a guaranteed 60% savings.

If you are considering enrolling in a discount plan, ask the following questions:

- What is the annual cost of the plan?
- What are the benefits?
- Do the providers I frequent accept the discount card? Be sure to check with your provider(s), as the information given by the plan could be inaccurate.
- If I have a health insurance plan and the discount plan, will providers I use give me discounts on my co-payments or the balance of my bill after my insurance pays its part?
- Who do I call if I have a problem with the discount plan?
- When receiving services that require immediate payment, is there a way to verify I am actually saving money by having a discount plan?
- Can I cancel my membership at any time?
- How do I pay for my membership? Do I have to use my credit card? Does the company require my checking account information for automatic debits?

The tip-off to the medical discount rip-off comes when the promoter asks the consumer to “confirm” some personal financial information, like a credit card or checking account number. The promoters do this in an effort to convince the consumers that they are simply verifying information they already have. That is not the case! Once the fraudulent promoters have a consumer’s account information, they use it to make money by placing an unauthorized charge or debit on the consumer’s account.

As with any major consumer decision, it is wise to comparison shop. Are you really going to be able to purchase the prescriptions at a discount or does your local pharmacy have a better price plan? Also, are the prescription drugs coming from within the United States or Canada? Once you have answered all these questions, you will be able to make an informed decision about whether you should participate in the discount medical plan or not.

The Attorney General’s Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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